

FSC-426-A	10/14/94	TO: ROM / MC
SUBJECT: Wal-Mart Removal of RJR Fixtures		
DISTRIBUTION:		
<u>X</u> AVP	<u>X</u> CAM	___ ELM
<u>X</u> RM	<u>X</u> Reg.Mil.Mgr.	___ MIL
<u>X</u> RBM	___ DM	___ REP
<u>X</u> ROM		

As a result of non-compliance and the termination of RJR contracts with Wal-Mart, approximately 1,200 Wal-Mart Stores have returned RJR fixtures to a third party supplier in Winston-Salem as of this date. However, an estimated 700 stores are still utilizing RJR fixtures, many without RJR advertising or product position.

Wal-Mart's new fixture implementation program is being hampered by many circumstances, some of which are:

1. Store managers wanting to keep RJR units for security.
2. Unavailability of gondola shelving due to budget constraints.
3. Unavailability of PM's wire dividers.
4. Remodeling or relocating of store.

During the implementation process, RJR has been very accommodating to store managers' request to keep RJR fixturing while Wal-Mart works through their implementation problems. We will continue to work with store managers during this transition, however, it must be done so that it benefits both RJR and Wal-Mart.

Therefore, to protect our position in the marketplace and the integrity of our fixture placement, the following standards should be explained to store managers with RJR flex unit still on location:

1. RJR must maintain a 50/50 vertical load of product - the principles of our SS1V contract.
2. RJR must maintain a 50/50 split on canopy advertising.
3. RJR will not be merchandised on the bottom of any RJR flex units - no exceptions. If this occurs, RJR personnel should immediately remove fixtures.

RJR will maintain all flex units that are on location as long as the above principles are in effect.

If there are problems at store level, contact Chain Account Manager Marty Washburn at 1-800-432-7578.

It is important that all affected Field Sales personnel be notified immediately, via Voice Mail if necessary, of our standards regarding our fixturing in Wal-Mart.

R.J. REYNOLDS TOBACCO COMPANY

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